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ATTORNEYS AT LAW

**Ex Parte**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: *Federal State Joint Board on Universal Service, High Cost Universal Service Support*,  
WC Docket No. 05-337, CC Docket No. 96-45

Dear Ms. Dortch:

On September 25, 2007, Tina Pidgeon, Vice President, Federal Regulatory Affairs for GCI, and I met with Dana Shaffer, Acting Bureau Chief, Jeremy Marcus, Chief, Telecommunications Access Policy Division, and Amy Bender, also of the Wireline Competition Bureau. We discussed GCI's letter of May 31, 2007, setting forth GCI's proposal for an exclusion to a CETC universal service funding cap for any tribal lands and Alaska Native Regions. We clarified that the proposal would apply only to tribal lands and Alaska Native Regions, and not to neighboring parts of a study or service area. This follows the model used for the Tribal Lands Lifeline program.<sup>1</sup>

We also stated that the support that the electing CETC would receive under GCI's proposal would no longer be identical to the ILEC's on a per line basis. Not only would the elective CETC receive support on a per unit rather than a lump-sum basis as the ILEC does, but the electing CETC would be limited to one payment per residential or single line business account, so that an electing CETC would not receive additional support for providing additional lines. This would not be the same as the "primary line" proposal previously recommended by the Joint Board, and which has been subject to appropriations legislation. GCI's proposal is voluntary to the CETC and does not affect the support provided to the incumbent LEC, as the primary line proposal would have done.

Finally, we noted that when a CETC provides service that substitutes for, rather than supplements, the service provided by the ILEC, paying support to each ETC based on their own costs unnecessarily eliminates market-driven incentives for efficiency that would otherwise exist in a competitive market. In that case, because the service is a substitute, the better approach

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<sup>1</sup> 47 C.F.R. § 54.400(e). The Commission has stayed the application of the definition only with respect to "near reservation" areas. See *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas*, Order and Further Notice of Proposed Rulemaking, 15 FCC Rcd 17112 (2000).

would be to pay each provider for the accounts that they serve, with the amount set for both at either the ILEC's costs, the most efficient (or modeled) costs or at the current per line rate frozen and perhaps decreased over time. All of these alternatives preserve competitive neutrality by paying each ETC that actually provides substitute service the same amount for serving the same customer in the same location. In such a system, any fears of "cherry-picking" can be addressed through disaggregation of support and do not exist at all where the CETC offers service throughout the entire study or service area.

The attached maps were provided to the attendees. We provided copies of maps that were previously filed in dockets No. 05-337 and No. 96-45, attached to GCI's Ex Parte letter dated May 17, 2007

Please contact me if you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "John T. Nakahata", with a long, sweeping horizontal line extending to the right.

John T. Nakahata  
*Counsel to General Communication, Inc.*